



Investigations and Fraud

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2014



DIFP
Department of Insurance,
Financial Institutions &
Professional Registration

Agent Investigations & Fraud Trends

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Investigations Section

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National Insurance Crime Bureau

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Authority

- Sections 374.085 and 374.190, RSMo grant DIFP authority to investigate complaints to determine if there have been violations of insurance laws

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Complaints against

- Producers (including business entity producers)
- Bail bond agents
- MVEESC producers
- Public adjusters
- Other licensees

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Top complaint categories

- Misrepresentation
- Misappropriation
- Unlicensed activity
- High-pressure sales tactics
- Customer service issues

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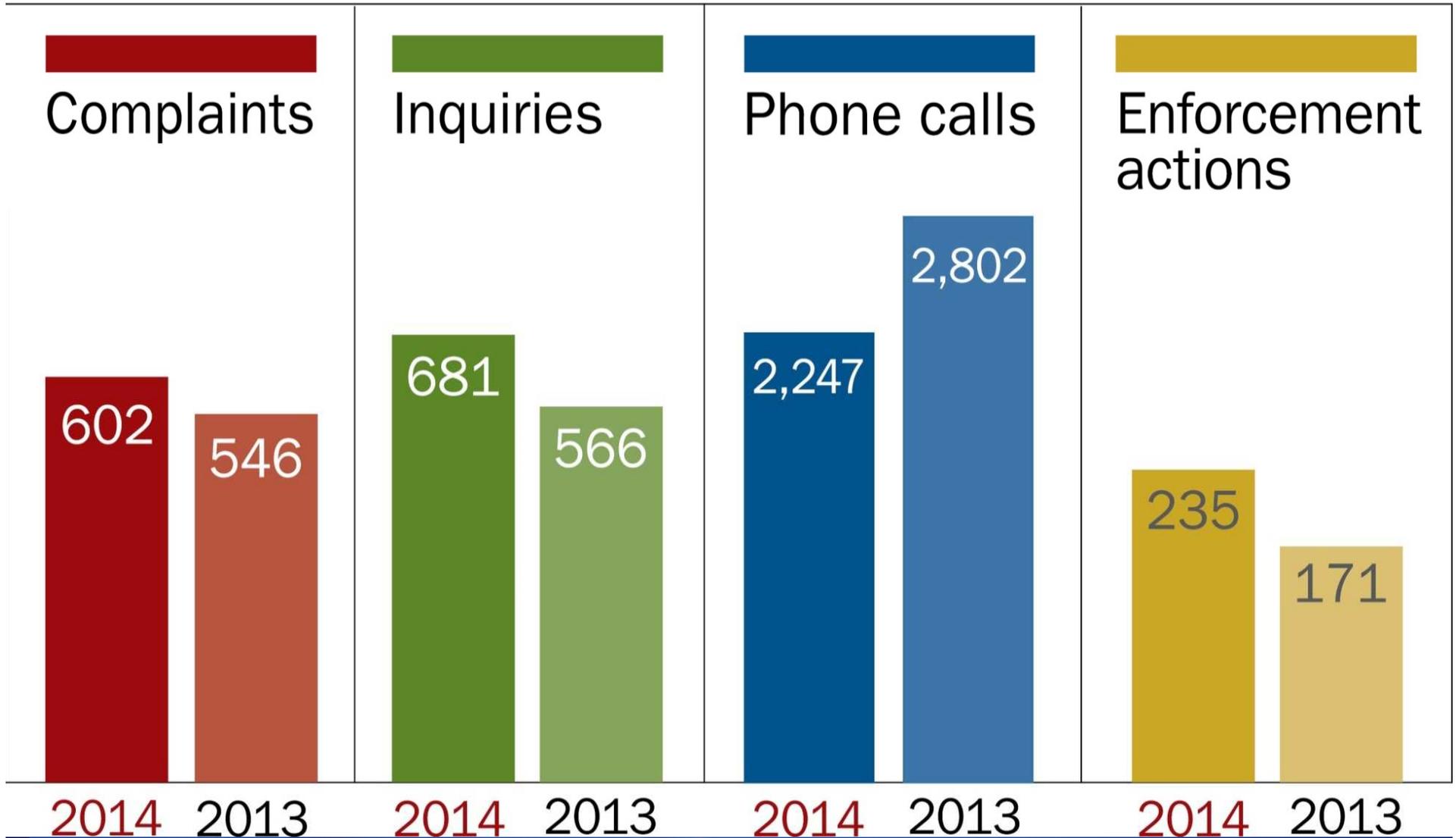


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Year-to-date Consumer Affairs stats



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Investigations process

- Letter sent to producer, complainant and company, if applicable
- Response from producer required within 20 days (20 CSR 100-4.100)
- Producer's position relayed to consumer
- Subpoena conference, if necessary
- Determine if insurance laws have been violated

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License applications - review

- Licensing Section refers to Investigations:
 - ▶ Negative background information
 - ▶ Regulatory actions exist
 - ▶ Open investigation
- Applies to new apps and renewals

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Application Accuracy

- Background information
 - ▶ Criminal history
 - ▶ Administrative Actions
 - ▶ Judgments related to overdue monies by producer
 - ▶ Delinquent tax obligation
 - ▶ Child support obligation in arrears

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NIPR Producer Database

- Central repository of producer licensing information
- General demographic and license information relating to all producers
- Regulatory Information Retrieval System (RIRS)
- Attachments Warehouse

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Fraudulent Insurance Act

- Sections 375.991 to 375.994, RSMo
- Reporting fraud to DIFP:

National Insurance Crime Bureau (NICB)
NAIC Online Fraud Reporting System

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From the Case Files

- Company/contractor acting as a public adjuster without a license after Joplin tornado
- Licensed insurance producer—unreported criminal background that was discovered through OFRS

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Case History

Husband (insurance producer) was operating
Business Entity (Agency)

- Collected homeowners and/or auto policy premium
- Customer never received policy or cancellation notice

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Revocation

- Husband's insurance license revoked
- Wife became licensed producer and continued poor business practices, but her license was also ultimately revoked in 2011

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Guilty Plea

Former insurance producer pleaded guilty to several counts of:

- ▶ stealing
- ▶ forgery
- ▶ insurance fraud
- ▶ attempted stealing

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